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Letter dated 13 March 2006 from the Chairman of the Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism addressed to the President of the Security Council

The Counter-Terrorism Committee has received the attached fourth report from Qatar submitted pursuant to paragraph 6 of resolution 1373 (2001) (see annex). I would be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Ellen Margrethe **Løj**
Chairman
Security Council Committee established pursuant to resolution 1373 (2001) concerning counter-terrorism

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Annex

Note verbale dated 14 March 2006 from the Permanent Mission of Qatar to the United Nations addressed to the Chairman of the Counter-Terrorism Committee

The Permanent Mission of the State of Qatar to the United Nations presents its compliments to the Chairman and, with reference to the latter's note dated 25 July 2005 regarding the request to the Government of the State of Qatar to submit relevant information further to its third report which was forwarded to the Committee in a letter dated 3 March 2004, has the honour to enclose herewith the fourth report as complementary to the third report, without the attachments from the concerned authority in the State of Qatar (see enclosure).

In this regard, the aforementioned attachments will be forwarded to the Chairman of the Committee as soon as they are received from the appropriate authority in the State of Qatar.

Enclosure*

[Original: Arabic]

Third supplementary report from the State of Qatar pursuant to paragraph 6 of Security Council resolution 1373 (2001)

With reference to the note of the Chairman of the Committee established pursuant to Security Council resolution 1373 (2001) requesting clarifications to supplement the report of the State of Qatar on steps taken to implement Security Council resolution 1373 (2001) concerning counter-terrorism, the following are replies submitted by the Government of the State of Qatar to the requests for clarification in the order in which they appeared in the note from the Chairman of the Committee:

I. Implementation measures

Effectiveness in the protection of financial systems

1.1 The position of the State of Qatar on becoming a party to the International Convention for the Suppression of the Financing of Terrorism of 1999

The State of Qatar is not yet a party to the Convention. The subject is still being considered by relevant parties in the State.

1.2 Question concerning the passing of new domestic legislation and the amendments of the new legislation due to the procedural and technical aspects inherent in the international conventions on counter-terrorism and any draft provisions aimed at fully implementing the International Convention for the Suppression of the Financing of Terrorism, with particular regard to the relevant provisions to be adopted in the domestic law that correspond to the measures established in Articles 2, 5, 14 and 18 of the Convention

In view of our response to paragraph 1.1, it would be difficult for the State of Qatar to pass legislative mechanisms in implementation of the aforementioned Convention when it has not yet become party to it. Nevertheless, it should be noted in this regard, that the Qatari Anti-terrorism Law, the Code of Criminal Procedure, the Penal Code and other relevant laws meet the requirements of articles 2,5,14 and 18 of the Convention in the following respects:

1. Regarding participation: Articles 38-46 of the Penal Code of the State of Qatar (No. 11 of 2004) contain provisions regarding "criminal participation"; articles 7, 8 and 9 of the Anti-terrorism Law (No. 3 of 2004) provide for the offence of terrorism and participation therein; the Anti-Money Laundering Law (No. 28 of 2002) provides for the offence of money-laundering and article 13 thereof penalizes participation in the commission of such an offence.

2. Regarding the liability of legal entities: Article 14 of the Qatari Anti-Money Laundering Law provides for the liability of a legal entity for money-laundering offences.

* Attachments are on file with the Secretariat and are available for consultation.

3. Regarding terrorist offences not being treated as political offences: The State of Qatar is a signatory and party to the Arab Convention on the Suppression of Terrorism, which provides that terrorist offences should not be considered political offences (article 2 (b) of the Convention).

4. Regarding incitement: Article 39 of the Qatari Penal Code (No. 11 of 2004) provides for the offence of "incitement" under the category of criminal participation, and article 9 of the Qatari Anti-terrorism Law (No. 3 of 2004) provides that "anyone who incites another to commit a terrorist offence shall be punished by imprisonment of no less than three and no more than five years".

5. Regarding the responsibility of financial institutions for combating money-laundering offences: Section 3 of the Anti-Money Laundering Law (No. 28 of 2002) imposes responsibilities on financial institutions with respect to combating money-laundering offences and provides for the formation of a National Anti-Money Laundering Committee. In addition, the Central Bank of Qatar's circular no. 9 of 2002 on combating money-laundering and the financing of terrorism includes provisions on the responsibilities of banking and financial institutions operating in the State with respect to combating the laundering of proceeds from illegal operations or suspicious sources and combating the financing of terrorism, as well as procedures for identifying customers, accounts and transfers to ensure the prevention of any money-laundering operations. It also provides for monitoring procedures and measures to control and block money-laundering operations or attempted money-laundering operations.

1.3 Outline of the new provisions of the draft Penal Code and Code of Criminal Procedure referred to on page 7 of the third report and a progress report regarding their adoption

The Qatari Penal Code was enacted by Law No. 11 of 10 May 2004, the Code of Criminal Procedure by Law No. 23 of 30 June 2004 and the Anti-terrorism Law by Act No. 3 in 2004. (We are pleased to attach copies of those three laws.)

1.4 Further elaboration regarding the public agency that is being set up for charitable works (The Qatari Charitable Works Agency)

The Agency was established by Law No. 13 of 2004, in conformity with Security Council resolution 1373 (2001), to supervise and monitor charitable and humanitarian activities conducted by private associations, institutions and individuals within the context of the State's public policy, as well as the transfer of funds abroad for such charitable and humanitarian activities, in coordination with the relevant parties. The Agency's aim is to supervise and monitor the finances of private charitable and humanitarian associations and institutions and prevent them from being used for anything other than their purported charitable and humanitarian purposes.

1.5 Clarification of the Anti-Money Laundering Law (No. 28 of 2002) and article 6 thereof obligating financial institutions and any steps taken by Qatar to extend such reporting requirements to other professions (such as lawyers and notaries) and non-financial institutions (such as any dealers in precious metals or stones, and automobile dealers)

Article 6 of the Anti-Money Laundering Law (No. 28 of 2002) obligates a financial institution to provide the competent authority with a detailed report on any

operations it is conducting about whose nature and purpose suspicions have been aroused.

Article 1 of the Law defines a financial institution as any company or facility licensed to conduct banking, financial or other similar activities, such as banks; money-changing establishments; investment, finance and insurance companies; financial services or stocks and bonds brokerage companies or professionals; or any similar individuals or parties. This definition covers all companies that conduct commercial or economic activities, and also professionals such as lawyers, accountants, etc. The competent legal authority is the regulatory authority under whose monitoring and supervision any such institution falls. The reporting obligation extends to all economic sectors, and the regulatory authorities communicate and fully explain these requirements to all economic enterprises, including not only dealers in precious metals or stones and automobile dealers, but real estate agencies as well.

1.6 Outline of the criteria used by financial institutions to decide if transactions are to be considered as suspicious

Chapter 1 of the Central Bank of Qatar's directives (March 2005) defines irregular banking operations as follows: large transactions and financial dealings not consistent with the customer's income, usual activity, or previous dealings with the financial institution, or in which the agent engages repeatedly in a way that arouses suspicion, as well as transactions whose financial goals or legal purposes are not immediately apparent. Suspicious operations are defined by the aforementioned directives as irregular financial transactions that give the financial institution any suspicion or reasonable grounds for suspicion that the funds involved are being used for or are linked to money-laundering, the financing of terrorism, terrorist acts or for the benefit of terrorist organizations.

1.7 What is competent authority referred to in article 6 of the Anti-Money Laundering Law No. 28 of 2002 which is competent to receive reports on suspicious transactions referred to it by the financial institutions? How many suspicious transactions were received by such competent authority since the Anti-Money Laundering Law came into force?

The authority competent to handle suspicious cases is the Financial Intelligence Unit established by Decision No. 1/2004. It is a centralized independent unit authorized to do the following:

- Receive notifications of operations suspected of money-laundering and financing terrorism directly from all relevant parties in the State, including "financial and non-financial institutions and law enforcement authorities";
- Analyse such notifications and take appropriate decisions regarding them;
- Retain notifications whose credibility is established, refer suspicious operations coming to its attention to law enforcement and prosecutorial agencies, and request any law enforcement authority to investigate such notifications further;
- Exchange information with parallel international financial intelligence units, agencies and organizations in accordance with the provisions of the Anti-Money Laundering Law and its amendments, and the Egmont Group's guidelines for information sharing;

- The Financial Intelligence Unit has received 137 suspicious transaction reports since the Anti-Money Laundering Law came into force.

1.8 Is the National Anti-Money Laundering Committee established by article 8 of the Anti-Money Laundering Law under the auspices of the Central Bank of Qatar intended to function as a financial intelligence unit? If the answer is in the affirmative, indicate what steps Qatar intends to take in order to extend the competence of the functions of this unit to receive suspicious financial transactions of licit origin for the purpose of terrorist financing

The National Anti-Money Laundering Committee was established by article 8 of Law No. 28 of 2002, and its competencies are detailed in article 9 of that Law. Pursuant to the provisions of article 9, the National Committee issued Decision No. 1 of 18 February 2004 establishing a Financial Intelligence Unit in implementation of the decision of the Council of Ministers mandating the establishment of such a unit. Since that time there has been a centralized independent unit called the Financial Intelligence Unit and a decision was issued naming its head and approving its administrative structure and independent budget.

The unit joined the Egmont Group on 29 June 2005 after it was officially approved at the Group's meeting in Washington that month.

1.9 Provisions regarding the regulation of alternate money transfer systems such as Hawala under the Central Bank as referred to on page 5 of the supplementary report, and information on how many institutions are employing the Hawala system in Qatar and how many breaches have been identified by any existing monitoring mechanisms

The State of Qatar does not have any "unofficial" money transfer systems such as Hawala and does not permit them to operate. Consequently, there is no need for the Central Bank of Qatar to issue instructions to regulate such unofficial financial activities.

As for what is referred to on page 5 of the previous supplementary report, what was meant was that the Central Bank of Qatar is the responsible Government authority legally authorized to license, supervise and monitor all official money transfer activities (remittances).

Effectiveness of counter-terrorism measures

1.10 A progress report in relation to Qatar becoming a party to the International Convention for the Suppression of Terrorist Bombings, since the Council of Ministers has decided to refer this Convention to the competent authorities in Qatar to study its provisions with a view to Qatar becoming a party thereto

We refer you here to our response to question 1.1, since the rationale for the two responses is identical.

1.11 With regard to Law No. 3 of 2004 on Combating Terrorism, the Committee wishes to know the number of cases in which the Prosecutor General used his authority under article 21 of said Law to freeze funds suspected of being linked to terrorist activities

There has not yet been a case of the Prosecutor General exercising the aforementioned authority under article 21.

1.12 **Regarding the inquiry on the implementation of training provided to prosecutors regarding typologies, trends, methods and techniques in terrorism financing and tracing property that is the proceeds of crimes or is to be used to finance terrorism**

The training programme for members of the prosecutorial authority has begun to assign training courses on public prosecutorial activities. These include training to investigate cases of terrorism and money-laundering, given that there is close coordination between the prosecutorial authority and the Financial Intelligence Unit of the Central Bank of Qatar regarding transactions suspected of links to terrorist activities and money-laundering.

The State of Qatar also tries to provide training programmes to its administrative, investigative, prosecutorial and judicial authorities in the enforcement of terrorism laws, including typologies, trends, methods and techniques in terrorism financing and techniques for tracing property that is the proceeds of crimes or intended to be used to finance terrorism, and to ensure that such property is seized, frozen and confiscated.

Effectiveness of customs, immigration and border controls

1.13 **Regarding the operation of effective customs and border controls with a view to preventing and suppressing the financing of terrorist activities. Does the State of Qatar impose controls on the cross-border movement of cash, negotiable instruments, precious stones and metals (e.g. by imposing an obligation to make a declaration or to obtain prior authorization before any such movements take place)? Please provide information concerning any relevant monetary or financial thresholds**

One must distinguish between movements of large commercial quantities of cash and negotiable instruments and movements of amounts carried by individuals and intended for personal use.

1. Movements of cash, negotiable instruments (precious stones, metals and instruments that can be used as the equivalent of cash) in large commercial quantities

Cash and negotiable instruments are considered commodities as defined by the Qatari Customs Code enacted by Law No. 40 of 2002, and cross-border movement of such funds, whether by way of import or export, must conform to all provisions and conditions specified by the customs code and other relevant laws, as follows:

1. Anyone trading in cash and negotiable instruments must have a licence issued by the Central Bank of Qatar, be listed in the commercial register, and meet either the conditions set by Law No. 36 of 1995 regulating exchange activities if the licence is for money-changing establishments, or the conditions set by Law No. 15 of 1993 establishing the Central Bank of Qatar if the licence is for a bank.

2. The movement of cash and negotiable instruments through customs border entry points, whether by way of import or export, must be done in accordance with a manifest or its equivalent (bill of lading, export declaration).

3. The importer or exporter must declare the cash or negotiable instruments in a detailed customs declaration in accordance with the procedure outlined by the Customs Authority including all information to which the provisions of the law might be applicable, and provide a receipt and certificate of origin.

4. A certificate from the company exporting the cash must be provided, certified by the security agencies of the exporting country (in cases of cash imports).

In case of the seizure of cash or negotiable instruments transferred illegally for the purposes of smuggling, the cash is confiscated and the persons involved are arrested and subjected to the measures and penalties provided for by the customs law. The authorities in charge of money-laundering and terrorism financing offences in the relevant State are then informed if it is determined that the funds transfer in question constituted such a crime.

II. Movement of cash and negotiable instruments for personal use or carried by individuals

The Director General of the Customs and Ports Authority issued Decision No. 5 of 2005 on the rules and procedures for the declaration and inspection of the baggage and belongings of passengers. The Decision requires passengers to declare at the customs post where they enter the country any cash and negotiable instruments (precious metals or instruments that are the equivalent of cash) that the Law requires be declared through procedures established for this purpose. The Decision also provides for dealing with cases in which a passenger fails to declare cash or negotiable instruments or makes a false or incomplete declaration, in which case he is considered to be in violation of the obligation to declare. The customs official investigates the reason for the violation and records full information on the passenger's identity, address, the source of the cash or negotiable instruments, and the purpose for which they were being moved. If there is any suspicion about the source or that the purpose is in any way related to money-laundering or terrorism financing the cash or negotiable instruments are confiscated and an official receipt issued. This is without prejudice to the implementation of Customs Code provisions in cases where an act constituting a smuggling offence or customs violation occurs. In all cases the customs authority is required to inform the competent State authority to follow up the issue.

With regard to establishing what cash amounts a passenger is required to declare, the subject is currently being studied by the National Anti-Money Laundering Commission formed by the Central Bank of Qatar in accordance with the Anti-Money Laundering Law (No. 28 of 2002) and its amendments. The Authority treats each case in accordance with its discretionary authority and in light of the social, cultural and financial situation of the passenger.

1.14 **Has the State of Qatar established a procedure or a mechanism for supplying advance information concerning international cargo and passengers to its own authorities, as well as to those of other States with a view to screening for prohibited cargo and suspected terrorists before disembarkation?**

The Customs Authority handles funds and cargo whose import or export is prohibited that are found in the possession of suspected terrorists at the time of their capture by port security authorities, such as weapons, explosives or suspicious funds. The Authority has also established a specialized unit within its organizational structure for information sharing, which has the following competencies:

1. Collecting information on customs seizures in the various customs posts, analysing relevant information with regard to "the smugglers, the carrier, the importer, the country of origin, the port of export of origin", and sharing such information with other authorities both within the State and in other States.

2. Receiving information on customs seizures conducted in other States, analysing it, and exchanging such information with other authorities within the State.

Supplying advance information concerning international cargo and passengers to the authorities of other States

The State of Qatar is party to the International Convention on Mutual Administrative Assistance for the Prevention, Investigation and Repression of Customs Offences (Nairobi). The General Customs and Ports Authority supplies any information that comes into its possession regarding prohibited cargo or suspected terrorists to the central authorities in the member States in accordance with the procedures outlined in the Convention. The State of Qatar currently intends to become party to the International Convention on Mutual Administrative Assistance in Customs Matters (Johannesburg). The Convention, along with a recommendation to accede to it, has been submitted to the relevant legislative authorities in the State.

Effectiveness of controls preventing access to weapons by terrorists

1.15 **The Committee requests information on the following:**

A) **Export control**

Whether there are export control procedures and other existing mechanisms in place for the purpose of exchanging information regarding the sources, routes and methods used by traders in firearms and whether Qatar's procedures allow for the lodging and registering or checking of the goods declaration and supporting documents relating to firearms prior to the import, export or transit of these goods and whether Qatar encourages importers, exporters or third parties to provide information to Customs prior to their shipment. It also requests an outline of any appropriate mechanisms to verify the authenticity of licensing or authorizing documents for the import, export or transit of firearms.

The possession, trafficking, import or export of firearms in the State of Qatar is regulated by Law No. 14 of 1999 on arms, munitions and explosives. This law distinguishes between two types of firearms as follows:

1. Firearms the possession, import or export of which is categorically prohibited and for which it is not possible to obtain a licence. Only the Ministries Of Defence and the Interior are permitted to purchase these types of arms for the purpose of arming their forces.

2. Firearms and associated munitions the possession, import, export or trafficking of which is forbidden without prior authorization by the Ministry of the Interior under conditions and guidelines provided for by law. These include light hunting rifles and handguns. It should be noted that such authorization is issued by the Ministry of the Interior solely for hunting weapons and the licence specifies the types and quantities of arms that the licensee is permitted to import annually. The Customs and Ports Authority keeps copies of these licences and if the licensee wishes to import or re-export any shipment he must present prior authorization for every such shipment, specifying the types of authorized arms and munitions in each individual consignment.

B) Brokering

Do Qatar's laws require the disclosure of the names and locations of brokers involved in transactions concerning firearms or explosives, on the import and export licences or authorizations or any accompanying documents? Do existing legal provisions allow for the sharing of relevant information with foreign counterparts in order to enable cross-border cooperation in preventing illegal shipments of firearms, their parts and components and ammunition, as well as explosives and their precursors?

Since the State of Qatar is not a producer or exporter of arms, explosives or munitions, Qatari laws do not touch upon the disclosure, names and locations of brokers engaging in arms, explosives or munitions transactions. Articles 407-433 of Section 5 the Qatari Code of Criminal Procedure (No. 23 of 2004) on international judicial cooperation regulate cooperation between the Qatari judicial authorities and foreign or international judicial authorities in criminal matters. Law No. 14 of 1999 on firearms, munitions and explosives sets severe penalties for illegal arms trafficking. That law empowers the State security authorities to grant licences for the circulation of arms within the most narrow limits where they regard this as being in the public interest of the State.

C) Law enforcement/illegal trafficking

Special measures used by Qatar to prevent and suppress illegal trafficking in firearms, ammunition and explosives that may be utilized by terrorists

Every border customs post has a special office affiliated with the competent security service that records licences issued by the Ministry of the Interior in a special register and records the types and quantities of imported, exported or transited firearms. Members of this office and customs officials inspect all supporting documents accompanying each shipment to ascertain their validity. This includes contacting the relevant party in the Ministry of the Interior that issued the licence. Qatari law charges the Customs Authority with verifying and inspecting all documents relating to the shipment, and may withhold customs clearance and request additional documentation to verify any element related to the shipment.

Annexes:

Penal Code enacted by Law No. 11 of 2004

Code of Criminal Procedure enacted by Law No. 23 of 2004

Anti-terrorism Law No. 3 of 2004